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FISCAL IMPACT REPORT

SPONSOR: S	RC	DATE TYPED:	03/06/01	HB	
SHORT TITLE: Municipal Sewer & V		Vater Utilities SB		855/SRCS	
			ANAL	YST:	Belmares

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring	Fund
FY01	FY02	FY01	FY02	or Non-Rec	Affected
	NFI				_

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

New Mexico Finance Authority Public Regulation Commission

No Response
Attorney General Office
Municipal League
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 855 SRCS creates an exemption from the standard statutory language requiring a municipality to gain voter approval, by municipal or special election, prior to acquiring a municipal utility. Under the bill, voter approval would not be required if the revenue bonds issued to acquire a municipal sanitary sewer or water utility are gross receipt tax revenue bonds issued pursuant to Section 31-31-1 through Sections 3-31-12 NMSA 1978.

The bill also modifies a requirement for the Public Regulation Commission review of such bond issuances, eliminating a present exemption to such review in the event of a municipal condemnation of a utility. Additionally, the bill makes minor technical changes and contains an emergency clause.

Significant Issues

CS/Senate Bill 855/SRCS -- Page 2

The bill establishes 1) a municipality can avoid a requirement of voter approval of the acquisition of a municipal utility in the event the revenue bonds issued for that acquisition are gross receipts tax revenue bonds pursuant to Section 3-31-1 through 3-31-12 NMSA 1978; and 2) in the event the utility is acquired through condemnation, the purchase price and bond issuance would need approval of the Public Regulation Commission, an event that is currently exempted.

ADMINISTRATIVE IMPLICATIONS

The Public Regulation Commission has indicated the bill could create a minor increase in case load by eliminating a current exemption of PRC approval of municipal revenue bond issuance in the event of municipal condemnation of a utility. However, no significant fiscal or administrative implications have been identified.

AMENDMENTS

The New Mexico Finance Authority has offered the following amendments to limit the application of the bill to specific problems related to municipalities building wastewater utilities where none previously existed:

Page 2, Lines 1-4 "if the revenue bonds issued to acquire a municipal sanitary sewer or water utility are gross receipts tax revenue bonds issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978."

Insert on Page 2, Line 1 after applicable "when gross receipts tax revenue bonds are issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978 to construct and install a new municipal wastewater utility in an area without existing public or private wastewater utility service."

Delete Page 4, Lines 10-13 after 1978: "provided that this subsection is not applicable if the revenue bonds issued to acquire a municipal sanitary sewer or water utility are gross receipts tax revenue bonds issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978."

Insert Page 4, Line 10 after 1978: "and shall not apply when gross receipts tax revenue bonds are issued by a municipality pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978 to construct and install a new municipal wastewater utility in an area without existing public or private wastewater utility service."

EB/ar